

**Office of Chief Counsel  
Internal Revenue Service  
Memorandum**

Number: **200835032**

Release Date: 8/29/2008

CC:ITA:B07:JPHuffman  
PRES-105045-08

Third Party Communication: None  
Date of Communication: Not Applicable

UIC: 168.20-00

date: August 27, 2008

to: Deputy Area Counsel (Industry Programs)  
LMSB Area 3, Retail, Food, Pharmaceuticals & Healthcare

from: Branch Chief, Branch 7, CC:ITA:7  
(Income Tax & Accounting)

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subject: Chief Counsel Advice on Ethanol Plant Depreciation

On December 14, 2007, the office of the Associate Chief Counsel (Income Tax & Accounting) issued Chief Counsel Advice (CCA 200814025) addressing the appropriate depreciation classification of assets used in an integrated facility for converting corn (a biomass) to bioethanol (a liquid fuel). Our advice concluded that the appropriate depreciation classification of these assets under Rev. Proc. 87-56 (1987-2 C.B. 674) is Asset Class 49.5, Waste Reduction and Resource Recovery Plants. Upon further consideration, the Internal Revenue Service and the Department of Treasury think that this issue is better addressed through the published guidance process. Accordingly, CCA 200814025 is not to be followed for determining appropriate tax depreciation deductions.

Please call (202) 622-4930 if you have any further questions.

GEORGE BLAINE  
Associate Chief Counsel  
(Income Tax & Accounting)

By: Kathleen Reed  
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Kathleen Reed  
Branch Chief, Branch 7  
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